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C O N F I D E N T I A L SECTION 01 OF 02 MANILA 004016

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SUBJECT: SNAG IN MILF PEACE TALKS

REF: A. MANILA 3852 (METHODICAL PROGRESS IN MINDANAO PEACE TALKS)

- 1B. MANILA 3728 (MINDANAO PEACE PROCESS MOVES FORWARD)
 - <u>1</u>C. MANILA 3676 (MUSLIM INSURGENT CHAIRMAN WELCOMES USG SUPPORT)
 - 1D. MANILA 3509 (GOVERNMENT AND MILF BREAK IMPASSE ON TERRITORY)
 - MANILA 3393 (NATIONAL SECURITY ADVISOR VIEWS WAY FORWARD)

Classified By: Ambassador Kristie A. Kenney for reasons 1.4 (b) and (d).

- (C) Summary: In the aftermath of postponed peace negotiations between the Philippine government and the Moro Islamic Liberation Front (MILF) in Kuala Lumpur last weekend, the Ambassador spoke with key Cabinet officials December 20-21 to underscore USG support for the Mindanao peace process and encourage the government to continue its efforts to overcome current difficulties and move on to the next phase of negotiations. The Kuala Lumpur talks were intended to produce an agreement on the territory and resources to be allotted to an expanded Muslim political entity in Mindanao. But this round of talks broke down over the government's proposal to include specific reference to a plebiscite in Mindanao to confirm the new political entity when a final peace deal is reached. Top Philippine officials reiterated to the Ambassador the government's strong intention to find a way out of the current impasse, which evokes a similar hiccup in September that was overcome through a concerted effort on both sides. The snag in the talks coincides with a recent up-tick in fighting on Basilan between Philippine forces and a combined force of Abu Sayyaf fighters and MILF insurgents. End Summary.
- 12. (C) The Ambassador reached out to key Cabinet and military officials December 20-21 to reiterate strong U.S. support for the peace process in Mindanao, and received assurances that the government was taking steps to seek a resolution to the differences with the MILF. Palace Executive Secretary Ermita, Defense Secretary Teodoro, Presidential Peace Advisor Dureza, and Armed Forces Chief of Staff Esperon all reassured the Ambassador that the government remained firmly committed to the peace process. The Ambassador was told that President Arroyo already had held one Cabinet meeting on the issue and would convene another session early in the new year, with the goal of formulating new language that could bridge the differences with the MILF.
- 13. (C) President Arroyo publicly reaffirmed her strong commitment to the negotiation process in remarks December 21 for Philippine Armed Forces Day. The Ambassador attended the ceremony in which Arroyo voiced optimism that negotiators could overcome the current barriers and reach a final peace deal. She also stressed her commitment to using both "soft"

and "hard" power to resolve the situation in Mindanao, and praised the significant role foreign assistance had played in improving the situation for Mindanao residents. After the ceremony, the president thanked the Ambassador for the U.S. government's quick and strong message of support during the recent incident in which a Philippine Senator and an Army brigadier general briefly took over a luxury hotel and called for the president's ouster.

Peace Talks Delayed

- 14. (C) A planned round of peace talks between the Philippine government and Moro Islamic Liberation Front (MILF) were called off in Kuala Lumpur December 15 after the MILF objected to the government's proposed wording in a draft agreement on territory and resource sharing. Chief negotiator Rodolfo Garcia told the DCM that the main problem was the government's inclusion of an explicit reference to the constitutional process of holding a plebiscite after the final peace agreement to confirm the creation of an enlarged Muslim political entity in Mindanao. While the MILF tacitly understood that the government needed to hold plebiscites, Garcia said, it had long objected to explicit references to constitutional processes, since it does not accept that the constitution should limit its negotiations with the government. Moreover, plebiscites held after the 1996 peace accord with the Moro National Liberation Front (MNLF) failed to fully implement that agreement.
- 15. (C) According to Garcia, the latest government proposal contained different language than the draft proposal sent to the MILF a week prior to the planned December 15-17 talks.

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Garcia noted that "conservative" senior members of the Cabinet security cluster modified some of the language in the proposed territorial agreement, including the insertion of a clause on the necessity for a constitutional process which was rejected outright by the MILF. According to Garcia, the MILF has repeatedly referred to the existence of a "gentleman's agreement" with the Philippine government dating back to 1997, on the basis of which the government would make no reference to a "constitutional requirement," while the MILF would omit any references to seeking "independence." Consequently, the MILF refused to proceed with the negotiations in Kuala Lumpur, and issued a December 15 press statement blaming "spoilers of the peace process right at the corridors of power." The MILF was careful to note, however, that the "spoilers" operated without the knowledge of President Arroyo.

Differences over Terminology

16. (C) Garcia's deputy, Ryan Sullivan, said that the government and MILF also differed over the meaning of basic terms in the proposed agreement such as "ownership of natural resources." In the government's view, all strategic minerals under the land and water, including petroleum and natural gas, were state-owned based on the Constitution. In the MILF's view, however, the Bangsamoro people "collectively owned" these natural resources by virtue of historical ownership and rights. Sullivan expected negotiations to resume once another draft proposal on territory was approved by the Cabinet, but Sullivan commented that the timetable for the signing of a territorial agreement in January 2008 may no longer be realistic.

Violence Flares on Basilan

between Philippine Marines and a combined force of Abu Sayyaf Group extremists and MILF insurgents. Six Muslim fighters and two Philippine soldiers were killed in the battle, which lasted more than 24 hours. The Marines initially went to the area to pursue armed groups suspected of firing several shots at a U.S. contract helicopter on December 17 and to carry out a dialogue with civilians. According to Brigadier General Juancho Sabban of the Western Mindanao Command, the Marines were planning to meet with MILF and barangay officials, because the site is where military humanitarian projects are to be implemented in January. Sabban suspected MILF involvement because the insurgent attacks included mortars, which the Abu Sayyaf reportedly does not have in their arsenal. In July, a group of MILF and Abu Sayyaf members ambushed a Marine convoy in the same area, beheading 10 Marines and kindling a round of fighting on Basilan. The military said it had contained the fighters in the area and that it was planning to file a protest against the MILF for violation of the ceasefire with the government.

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